

CITY OF OTHELLO HOUSING AUTHORITY
Adams County, Washington
July 1, 1993 Through June 30, 1994

Schedule Of Federal Findings

1. Requests For Reimbursement Should Have Adequate Documentation And The Procedures To Accumulate The Costs Claimed Should Be Improved

The City of Othello Housing Authority is upgrading their housing units through the Comprehensive Improvement Assistance Program (CIAP) (CFDA 14.852). The program is funded by the Department of Housing and Urban Development (HUD).

During our review of fiscal year 1994 CIAP expenditures for projects 690893, 6907Z, 6906Z, and 6905Z, we noted the following conditions (see the Schedule of Questioned Costs):

- a. Project 690893) Check No. 9073 for \$285.60 was reimbursed twice through voucher reimbursement Nos. 4 and 5.
- b. Project 6907Z) Voucher reimbursement No. 7 check No. 8743 was charged to the program for \$286.04 more than it was written for. Voucher reimbursement No. 8 check No. 8806 was charged to the program for \$44.77 more than it was written for. Voucher reimbursement No. 6 check No. 8690 included \$2,112.22 which was also charged to project 690893. Voucher reimbursement No. 9 had an error correction of (\$5,216.21) with no documentation of what the error(s) may have been.
- c. Project 6906Z) Voucher reimbursement No. 15 and 16 had "Othello Housing Authority" payments of \$3,237.59 and \$860.13, respectively. We could not find support for these costs. OMB Circular A-87 requires costs charged to federally funded programs be supported by underlying documentation and be correctly charged to the program.

The duplicate charges occurred because the authority's system to document costs is to make a manual list of the checks written, copy that list for each project, then allocate the costs on the individual project copy. In addition, expenditures were put on the list prior to the check being written.

This method of cost accounting allows for double billings or not billing allowable expenditures to HUD.

We recommend the authority develop a system to allocate costs based on the amount of the check written. We further recommend the authority verify that all items charged or credited to the program be adequately documented.

2. Income Verification Documentation Should Meet Requirements

The Housing Authority of the City of Othello operates a public housing program (CFDA 14.850) funded by the Department of Housing and Urban Development (HUD). To be eligible for the program, tenants must prove their income meets federal guidelines. We reviewed three tenant files. One tenant's income verification was a signed statement from the tenant, not a third party certification. In addition, this file did not contain the "release of information" and "consent to provide information" forms.

24 Code of Federal Regulation section 913.109 (b) Verification, states in part:

As a condition of admission to, or continued occupancy of, any assisted unit under the Public Housing Program the Public Housing Authority (PHA) shall require the family head to execute the HUD-approved release and consent authorizing any depository or private source of income, or any federal, state, or local agency, to furnish or release to the PHA such information HUD determines necessary.

The standard forms of documentation are third party certifications or copies of check stubs.

This condition occurred because the authority's housing clerk believed a signed statement by the tenant was adequate documentation.

By not obtaining the documentation required, the authority is not meeting HUD requirements and may possibly have tenants in the program that are not eligible.

We recommend the authority review all tenant files to verify the income documentation is adequate and update any inadequate documentation.